Testimony of Perry Miller of Kountry Wood Products, LLC
Wooden Cabinets and Vanities ITC Hearing
February 20, 2020

Good morning. My name is Perry Miller, and I am the President of Kountry Wood Products.

Kountry Wood was founded in 1998 by Ola Yoder and has manufactured and marketed our own brand of cabinetry since 2001. Since our founding, Kountry Wood's basic philosophy has relied on building a quality product, selling at a reasonable price, and providing customers with excellent service. For a long time, this proved to be successful.

With our strong business practices, Kountry Wood has grown significantly in 20 years. Now, in our two facilities in Nappanee, Indiana, every day we produce more than 6,000 cabinets and vanities, including furniture style vanities. A large percentage of our products are stocked by our dealers and distributors and are ready for immediate pick up or delivery.

Unfortunately, things have changed for our company and for our entire industry. Today, Kountry Wood's very existence is being threatened by dumped and subsidized imports of cabinets and vanities from China. Chinese imports have been around for a long time, but we started really noticing the impact in 2016. Seemingly all of a sudden, Chinese cabinets and vanities were present in every part of the U.S. market in massive quantities. And their quality had vastly improved.

Chinese imports now exist up and down the value chain. While Kountry Wood sells predominantly "stock" cabinets and vanities, we see Chinese imports throughout the stock and semi-custom parts of the market. In fact, Chinese imports, with their high-end features on all cabinets, have largely blurred the line between these portions of the market. Demand for painted finishes have impacted this trend as well, with these finishes now also found up and down the value chain.

Kountry Wood's performance has been negatively impacted by unfairly priced Chinese imports, with the effects really hurting us in 2018 and 2019. While the U.S. market is growing, Kountry Wood's growth is declining, and our profitability has taken a major hit. This is a direct result of competition with dumped and subsidized Chinese imports.

Unsurprisingly, our dealers and retailers – like Schillings, who is here today – consistently report losing sale after sale to low-priced Chinese imports or having to drop prices drastically to try to retain customers. These Chinese imports undersell us by huge margins – from 20 to 40 percent. Chinese producers offer upgrade options, with no additional charge, as the "standard" – in other words, for free. We have seen Chinese imports of cabinets with these upgrades being offered at prices lower than even the production cost of a U.S. particle board cabinet with no upgrades.

With such extreme pricing pressure, we simply cannot compete with dumped and subsidized Chinese imports. And the continued lost sales are having a devastating impact on Kountry Wood's performance. If nothing is done to limit the surge of unfairly traded Chinese imports, despite our company's success and growth over the past 20 years, our continued viability will be at stake.

Because of the unfair competition from Chinese imports, we have even been forced to hold off on planned investments in facilities and equipment. Previously, because of the steady growth in the early years of the company, Kountry Wood was able to have major plant expansions. We were planning for another expansion to focus on painted product in 2018, but we had to put it on hold because of the market conditions resulting from Chinese imports. After these cases were underway, we decided to move ahead with the expansion, and we expect to complete it in the third quarter of this year. The ROI we will obtain on this new investment is directly dependent on the outcome of this case.

Very recently – just in about the last six weeks – we have started to see some benefit of this case, as preliminary duties caused Chinese import levels to decline, and the large inventories of unfairly priced Chinese imports are being worked off. It is critical to our company that these duties become finalized and stay in place. If they were to be lifted, I have no doubt that Chinese imports would once again

surge into the market, and any benefit we have seen thus far would disappear immediately.

Kountry Wood is a staunch American manufacturer and would like to continue to produce quality cabinets for many decades. However, our future is at risk from Chinese imports. I urge you on behalf of Kountry Wood and its 500 employees, to please make an affirmative finding of material injury in this case. Thank you.